PROVINCE OF SASKATCHEWAN

11-12

ANNUAL REPORT

MINISTRY OF JUSTICE AND ATTORNEY GENERAL

Saskatchewan Financial Services Commission

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This annual report is also available in electronic format from the Ministry's website at **www.justice.gov.sk.ca** and at the Saskatchewan Financial Services Commission's website at **www.sfsc.gov.sk.ca**.

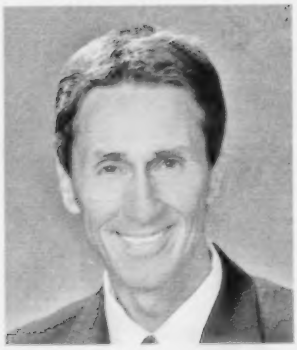
Letters of Transmittal

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

As the Minister responsible for the Saskatchewan Financial Services Commission, I respectfully submit the annual report for the year ending March 31, 2012.

Gordon S. Wyant, Q.C.
Minister of Justice and Attorney General



The Honourable Gordon S. Wyant
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the annual report of the Saskatchewan Financial Services Commission for the year ending March 31, 2012.

Dave Wild
Chairperson

Commissioners

Dave Wild

Chairperson

Mr. Wild was appointed the first Chair of the Financial Services Commission (SFSC) with its creation in 2003. He was appointed Chair of the Saskatchewan Securities Commission in 2001. The duties of the Securities Commission have been assigned to the Financial Services Commission. Mr. Wild also currently serves as the Superintendent of Pensions. Having been first appointed in 1992, he is the longest serving pension regulator in Canada. He is the past Chair of the Joint Forum of Financial Market Regulators and the Canadian Association of Pension Supervisory Authorities (CAPSA).

Paul Robinson

Vice-Chairperson

Mr. Robinson was appointed as Vice-Chair of SFSC in June 2009. Mr. Robinson's career has included several senior positions in provincial and municipal governments. He has also worked as a financial planner with a national investment firm. He has a MBA from McMaster University, is a Certified Management Accountant (CMA), a Certified Financial Planner (CFP) and a Chartered Financial Analyst (CFA).

Peter Carton

Commissioner

Peter Carton was appointed to the SFSC in June 2009 and recently retired from a career spanning 30 years with the Royal Bank of Canada. He has background in all areas of retail banking. Most recently, he was the Royal Bank of Canada's Regional Vice President for Commercial Banking covering Saskatchewan, Manitoba and NW Ontario. Mr. Carton holds an MBA from Dalhousie.

Gordon Hamilton

Commissioner

Gordon Hamilton was appointed to the SFSC in 2009. Mr. Hamilton is a lawyer in private practice with the Saskatchewan firm, McDougall Gauley LLP. He has extensive experience in labour relations and administrative law, having served as Vice Chairperson of the Canada Industrial Relations Board. Mr. Hamilton also has a background in co-operatives and Saskatchewan credit unions, and has held senior positions at Affinity Credit Union, the Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited.

Mary Ann McFadyen

Commissioner

Mary Ann McFadyen was appointed to the SFSC in June 2009. Ms. McFadyen was associated with the Saskatchewan Chamber of Commerce for over 30 years. She was the Executive Director and CEO of the Chamber for more than two decades. In recognition of her contribution to Canadian business she received the Canada 125 Award and was named one of the ten most influential women in Saskatchewan by Saskatchewan Business Magazine.

Brian Molberg

Commissioner

Brian Molberg was appointed to the SFSC in 2009. Mr. Molberg recently retired from his position as Vice-President of Corporate Services of LutherCare Communities, a leading provider of health services, seniors housing and community services in Saskatchewan. Mr. Molberg was also President of Nalco Leasing Inc., a Saskatchewan based agricultural and office equipment leasing company. He is a Fellow Chartered Accountant.

Derreck Fahl

Commissioner

Derreck Fahl was appointed to the SFSC in July, 2011. He is a director with Wallace Meschishnick Clackson Zawada, a law firm in Saskatoon. Mr. Fahl is the head of the firm's corporate and commercial law practice group, and focuses his practice in the areas of mergers and acquisitions, corporate finance, securities law, corporate governance and secured lending transactions. Mr. Fahl holds Bachelor of Commerce and Bachelor of Laws degrees from the University of Saskatchewan.

Chair's Remarks

From the time SFSC became Canada's first integrated financial services regulatory body in 2003, we have demonstrated a willingness to break new ground and an ability to achieve success in creating a regulatory environment that supports Saskatchewan's booming economy.

Last year, SFSC began yet another transformation that will continue throughout 2012. In October 2011, we welcomed the Consumer Protection Branch of the Ministry of Justice as our newest program division. The Consumer Protection Branch brings with it a broad and challenging mandate ranging from the regulation of auctioneers to the classification of films.

I am not aware of any other regulatory authority in the world with a mandate as diverse as SFSC's. Nevertheless, SFSC has a clear and common purpose to promote confidence in Saskatchewan's marketplace by regulating it effectively, efficiently and fairly.

Recently, we marked another significant transition with the retirements of Jim Hall and Barbara Shourounis. For the past two decades, Jim has ably served Saskatchewan as the Superintendent of Insurance, Registrar of Credit Unions, Superintendent of Financial Institutions and Superintendent of Real Estate. We are pleased Jim has agreed to remain with SFSC in an advisory capacity to assist in a re-write of insurance legislation. Barbara Shourounis, meanwhile, is one of the architects of modern securities regulation in the province, having been Director of the Securities Division for the last 26 years. We are pleased that Barbara has also agreed to assist SFSC in some key projects in an advisory capacity. On behalf of SFSC, I would like to thank Jim and Barbara for their years of dedicated service to the province.

We also recently underwent an internal reorganization. Readers will note that last year's annual report referred to the Financial Institutions Division and the Payday Loans Division. Those have become the Insurance and Real Estate Division and the Consumer Credit Division to better reflect the nature of their work. We have also solidified our support areas with the creation of a Legal Branch and the addition of new positions in Corporate Services and Communications.

In the 2012 budget, the Government announced that SFSC will be continued as a Treasury Board Crown corporation—the Financial and Consumer Affairs Authority (FCAA)—effective October 1, 2012. The transition to corporate status reflects our need to respond quickly and effectively to market demands created by a growing economy, greater consumer expectations of regulation and the increasing complexity of the marketplace. Our legislative mandate and the fees we charge will continue to be established by the Government. We appreciate the Government's recognition of the importance of our work.

On the regulatory front, SFSC seeks to promote cooperation with financial regulators in other jurisdictions and to harmonize marketplace laws. We will continue to adopt approaches that reflect the interconnectedness of markets and meet Government expectations for the free flow of goods and capital across borders.

The effects of the market turmoil of 2008 are still being felt and are reflected in a number of initiatives to be undertaken in the next year. Amendments were introduced to *The Securities Act, 1988* last fall to address the regulation of credit rating agencies and a key focus of our work in 2012 will be on the regulation of over-the-counter derivatives. Defined benefit pension plans also continue to struggle with funding. The government will consider amendments to the funding rules applied to public sector defined benefit plans in the months ahead. As well, Saskatchewan, together with other jurisdictions, will consider enhancing pension plan coverage by introducing pooled registered pension plans (PRPPs).

Holding wrongdoers to account will continue to be a key priority for SFSC. Our efforts to protect vulnerable consumers from deceitful and misleading practices are challenged by the increasing complexity and sophistication of fraudulent activity and the ease of disseminating information through the internet. We benefit from having strong relations with police services and other law enforcement bodies, and will continue to look for ways to enhance cooperation. Last year, we were excited to enter into a Memorandum of Understanding on deceptive marketing practices with a number of partners in Canada and the United States.

SFSC has a close relationship with the Saskatchewan marketplace. We strongly believe the vast majority of businesses want to do the right thing for consumers. We will pursue efforts to educate consumers and businesses on their rights and responsibilities and to raise awareness of SFSC when regulatory action is needed. As well, SFSC relies significantly on self-regulated organizations (SROs) to perform many regulatory functions. A key priority will be to develop our oversight of SROs and assure the public that SROs are well managed, adequately staffed, and beneficial to Saskatchewan.

I would like to thank our Commissioners for their support and leadership, and our staff for their dedication, collaborative spirit and professionalism. They never fail to respond to the great demands placed on them.

David Wild
Chairperson

Who We Are

SFSC is assigned to the Minister of Justice and Attorney General. It was created in 2003 when the Saskatchewan Securities Commission, the Financial Institutions section of the Ministry of Justice's Consumer Protection Branch, and the Ministry of Justice's Pensions Branch were amalgamated into one organization.

In 2011, SFSC expanded its regulatory responsibility by welcoming the remainder of the Consumer Protection Branch as a division.

SFSC is led by a seven-person Commission established under *The Saskatchewan Financial Services Commission Act.*

SFSC is the regulator and quasi-judicial adjudicator with respect to financial services in Saskatchewan, including the credit union system, insurance, pensions, securities, trust and loans, payday loans and mortgage brokers (essentially all financial services except banks). In regards to consumer goods and services, SFSC advances fair trading conduct and reduces opportunities for unfair, unlawful, or deceitful commercial activity.

Financial services are essential to the growth, development and strength of market economies. They support corporate growth and innovation and facilitate the management of financial risk. Regulation is important for the integrity, efficiency and transparency of financial markets. The fall-out of the 2008 market turmoil provides ample evidence that the stability provided by effective regulation is necessary for financial markets and the economy.

Consumer protection regulation is also critical for individual wealth and retirement savings. The complex nature of transactions and of fraudulent schemes makes Saskatchewan citizens vulnerable. Enforcement of consumer protection laws is necessary to individual well-being, quality of life and confidence in government, institutions and the marketplace. Consumer protection regulation supports consumer confidence which encourages spending and investment.

SFSC's regulatory responsibilities include providing input into developing provincial legislation, regulations, policies and standards (the rules); interpreting and applying the rules; supporting an environment that facilitates a fair marketplace for consumers and a level playing field for suppliers; and taking appropriate action to protect the rights and interests of consumers when the rules are broken.

For financial services, SFSC's regulatory functions include both prudential and market conduct regulation. Prudential regulation addresses the financial soundness of those regulated, while market conduct regulation refers to supervising compliance related to consumer protection provisions including disclosure, confidentiality, fair practices and prohibited methods of doing business. The Consumer Protection Division primarily focuses on market conduct regulation.

SFSC's responsibilities encompass a broad range of regulatory functions, including:

- **Licensing and Registration** - Financial institutions, pension plans, financial intermediaries, regulated business sectors and other market participants require approval to offer services or conduct business. SFSC requires applicants to provide information to show whether the applicant is suitable to conduct business in the chosen field.

- **Audit and Compliance** - On an ongoing basis, SFSC monitors those regulated to ensure they are meeting their obligations to consumers and conducting themselves in compliance with the rules.

- **Market Conduct and Complaint Handling** - SFSC ensures there are effective processes in place to receive and investigate complaints from consumers. Complaints are reviewed and appropriate information is collected to determine whether there are violations of the rules. In addition, SFSC supports consumer education and awareness as a means of encouraging consumers to protect themselves.

- **Enforcement** - SFSC exercises its influence and its legislative powers to hold to account those who have violated the rules. Enforcement may be initiated based on information obtained from complainants, from audit and compliance activities, or from other credible sources.

In fulfilling its mandate the SFSC relies upon, and provides oversight in respect of, the following SROs:

- Credit Union Deposit Guarantee Corporation
- Funeral and Cremation Services Council of Saskatchewan
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Investment Industry Regulatory Organization of Canada
- Life Insurance Council of Saskatchewan
- Mutual Fund Dealers Association of Canada
- Saskatchewan Real Estate Commission

SFSC is organized into five program divisions: Consumer Credit, Consumer Protection, Pensions, Securities, and Insurance and Real Estate,

The **Consumer Credit Division** regulates and supervises Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The Division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

The **Consumer Protection Division** supports fair trading in goods or services purchased by a consumer from a business for personal, household or family purposes. We strive to protect consumers and maintain a fair trading business environment through: market regulation; sector-specific business and salesperson licensing; complaint investigation, education initiatives; inter-agency and inter-jurisdictional cooperation; enforcement action; and research. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

The **Pensions Division** protects the accrued pension entitlements of plan members from undue loss and promotes the equitable treatment of plan members. The Division also reviews pension plans to ensure legislative standards are met. *The Pension Benefits Act, 1992* regulates employer-sponsored pension plans with Saskatchewan workers as members. The legislation does not apply to certain plans established for employees of the governments of Saskatchewan and Canada, nor does it apply to plans associated with undertakings regulated by the federal government (e.g., plans for employees of companies involved in banking, transportation, broadcasting, grain handling).

The **Securities Division** protects investors by regulating trading in securities. Activities aimed at protecting investors include:

- registering individuals and companies in the investment industry;
- reviewing documents used by companies and individuals to sell their securities to the public;
- requiring businesses to file regular financial information, send it to their security holders and disseminate it to the market;
- reviewing companies' continuous disclosure documents, such as financial statements, press releases, and material change reports, to ensure they provide appropriate and timely ongoing information to serve as a basis for trading of securities in the secondary markets;
- where appropriate, exempting businesses from the main requirements; and
- penalizing those who have not followed the provisions of the legislation, or who have engaged in fraudulent and unscrupulous practices.

The **Insurance and Real Estate Division** licenses all companies which transact insurance in Saskatchewan. The division protects insurance policyholders through solvency regulation of provincial insurance companies; market conduct regulation of federal and provincial insurance companies; and oversight of the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers.

The Division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission with respect to the rules it applies to real estate brokers and salespersons.

These program areas are supported by the Chair's Office, which includes Corporate Services and Communications. The program areas also are supported by a Legal Branch.

Progress in 2011-12

Consumer Credit Division

2011-12 Key Commitments

- Provide effective licensing and regulatory supervision of trust, loan and financing companies, mortgage brokerages and administrators, payday lenders, and the credit union system.
- Implement *The Payday Loans Act.*
- Monitor the transition to International Financial Reporting Standards for institutions headquartered in Saskatchewan.
- Participate in discussions regarding SaskCentral becoming an association under the *Co-operative Credit Association Act* for credit unions in Saskatchewan.
- Participate in developing recommendations for amendments to *The Credit Union Act, 1998.*
- Review the Memorandum of Agreement between the Registrar of Credit Unions, Credit Union Central of Saskatchewan and Credit Union Deposit Guarantee Corporation regarding roles and responsibilities.
- Conduct an annual audit of the functions assigned by the Registrar of Credit Unions to the Director of the Corporate Registry.
- Review the process for handling complaints from consumers regarding credit unions.
- Review and approve education courses for mortgage brokers and associates.
- Participate in interprovincial discussions regarding the implementation of the New West Partnership Trade Agreement and the application of the Agreement on Internal Trade to financial services occupations.

2011-12 Results

- *The Payday Loans Act* was successfully implemented. SFSC was pleased with the cooperation of the payday loans industry and the high degree of compliance with the new legislation.
- Provided effective licensing and regulatory supervision of trust, loan and financing companies, mortgage brokerages and administrators, payday lenders, and the credit union system.
- Commenced review of the Memorandum of Agreement between the Registrar of Credit Unions, SaskCentral and Credit Union Deposit Guarantee Corporation regarding roles and responsibilities in the regulation of credit unions. Also examined the functions delegated by the Registrar of Credit Unions to the Director of the Corporate Registry in the Information Services Corporation.
- Participated in discussions with respect to SaskCentral becoming an association under the *Co-operative Credit Association Act.*
- Amendments to *The Credit Union Act, 1998* were introduced.
- Approved an education course for mortgage associates.
- Commenced review of a mortgage broker education course.
- Issued a consultation document for proposed changes to *The Mortgage Brokerages and Mortgage Administrators Regulations* to recognize competencies granted by other jurisdictions as required by the New West Partnership Trade Agreement and the Agreement on Internal Trade.
- Ensure that provincial entities subject to solvency oversight adopted International Financial Reporting Standards.
- Established a process to receive feedback from the Saskatchewan Council of Mortgage Brokers.

Consumer Credit Division and Insurance and Real Estate Division Statistics to March 31, 2012

Item	2011-12	2010-11	2009-10	2008-09
Licenses in Force				
• *The Saskatchewan Insurance Act* (companies)	250	253	253	259
• *The Trust and Loan Corporations Act, 1997*				
- Financing Companies	108	87	87	85
- Trust Companies	47	43	43	44
- Loan Companies	8	8	8	8
- Loan Brokers	7	6	6	6
• *The Mortgage Brokers Act* (brokers)	n/a	n/a	270	224
• *The Mortgage Brokerages and Mortgage Administrators Act*	316	277	n/a	n/a
• Payday Lenders	56	n/a	n/a	n/a
Credit Unions (as of December 31, 2011)	61	64	65	66
Primary Regulator (# of licensees)	452	404	384	337
Responded to Inquiries	2474	2175	2079	2365
Opened files with respect to complaints and inquiries	448	372	284	302
Audits, inspections or reviews	22	26	21	24

2012-13 Plans

- Provide effective licensing and regulatory supervision of trust, loan and financing companies, mortgage brokerages and administrators, payday lenders, and the credit union system.
- Examine the impact of the new capital reserve standards established globally by banking regulators on provincial trust and loan companies.
- Address issues raised under the New West Partnership Trade Agreement in regards to mortgage brokers and administrators.
- Review mortgage broker course.
- Join with other jurisdictions in creating an association of mortgage broker regulators to share best practices and discuss common concerns.
- Review *The Payday Loans Regulations* with respect to issues identified on the implementation of the legislation.
- Complete work to address the Provincial Auditor's recommendation to clarify roles and responsibilities in respect of the regulation of credit unions.

Insurance and Real Estate Division

2011-12 Key Commitments

- Provide effective licensing and regulatory supervision of insurance companies.
- Oversee, monitor and support the operation of the General, Life and Hail Insurance Councils and the Saskatchewan Real Estate Commission.
- Continue to participate in the Canadian Council of Insurance Regulators and the Joint Forum of Financial Market Regulators, particularly regarding credit scoring, relationships between insurers and sales intermediaries, intermediary licensing, electronic commerce, and information sharing on disciplinary actions.
- Meet with the hail insurance industry to identify and address issues with claims adjustment, complaint handling processes and the appointment of appraisers and umpires.
- Review the Order of the Superintendent of Insurance which delegates certain functions to the General, Life and Hail Insurance Councils.
- Participate in the national complaint reporting system for insurance.
- Monitor provincial entities' transition and implementation processes for adoption of International Financial Reporting Standards.
- Participate in interprovincial discussions regarding the implementation of the New West Partnership Trade Agreement and the application of the Agreement on Internal Trade to financial services occupations.

2011-12 Results

- Provided effective licensing and regulatory supervision of insurance companies and continued to work closely with insurance councils and the Saskatchewan Real Estate Commission.
- Commissioned a report on allegations made against the Saskatchewan Real Estate Commission by a former employee. Meyers Norris Penny's forensic review did not find any evidence of misappropriation of funds or other wrongdoing as alleged. The report did identify some opportunities for the Saskatchewan Real Estate Commission to improve its operations.
- Worked with other insurance regulators on a number of topics.
- Worked with the Hail Insurance Council and the Canadian Crop Hail Association to address issues with claims adjustment and ensure farmers have access to trained adjusters. Work also continues with the Canadian Crop Hail Association on licensing of adjuster trainees and the requirement under the Agreement on Internal Trade for non-resident applicants to become licensed in Saskatchewan.
- Nothing substantive was done on the review of the delegation order to the insurance councils.
- Complaints filed on the national complaint reporting system for insurance are reviewed on a periodic basis to determine if there are systemic issues. No issues were identified in 2011-12.
- Ensured provincial entities adopted International Financial Reporting Standards.

Statistics

Statistics regarding the Insurance and Real Estate Division are shown under Consumer Credit Division on page 10.

2012-13 Plans

- Provide effective licensing and regulatory supervision of insurance companies.
- Oversee, monitor and support the operation of the General, Life and Hail Insurance Councils and the Saskatchewan Real Estate Commission.
- Begin work on a re-write of *The Saskatchewan Insurance Act* to ensure harmonization with Alberta and British Columbia.
- Examine issues related to the roles and responsibilities of managing general agencies in the distribution of life insurance products.
- Consider the implications for Saskatchewan of the revised Insurance Core Principles adopted by the International Association of Insurance Supervisors.
- Consider the recommendations of the Canadian Council of Insurance Regulators in respect of the use of credit scoring in underwriting insurance.
- Follow up on the implementation of the recommendations from the 2011 report by Meyers Norris Penny on the operations of the Saskatchewan Real Estate Commission.

Pensions Division

2011-12 Key Commitments

- Provide effective supervision of registered pension plans.
- Review *The Pension Benefits Act, 1992* to determine areas where pension law can be modernized and harmonized with other jurisdictions.
- Conduct a consultation on the proposed new funding rules under *The Pension Benefits Act, 1992*, and begin development of legislative amendments.
- Conduct a consultation on the proposed new fee structure under *The Pension Benefits Act, 1992*, and develop legislative amendments.
- Develop amendments to *The Pension Benefits Act, 1992* to allow registration of and participation in PRPPs.
- Participate in CAPSA projects related to the prudent investment and funding of pension plans and the regulation of defined contribution plans.

2011-12 Results

- Conducted a consultation on proposed new funding rules under *The Pension Benefits Act, 1992*, and began development of legislative amendments.
- Conducted a consultation on proposed new fee structure under *The Pension Benefits Act, 1992*, and began development of legislative amendments.
- Participated in CAPSA projects related to the prudent investment and funding of pension plans and the regulation of defined contribution plans. CAPSA guidelines for the prudent investment and funding of pension plans are complete.
- Participated in federal/provincial/territorial meetings regarding the federal framework for PRPPs, and began to develop a framework for Saskatchewan's PRPP legislation.

Pensions Division Statistics to March 31, 2012

Activity	2011-12	2010-11	2009-10
Number of Plans Supervised by Pensions Division	501	478	469
Number of Members in Plans Supervised by Pensions Division	168,594	159,984	155,615
New Plans Registered	26	26	28
Plans Terminated	18	19	24
Actuarial Valuations Reviewed	22	43	12
Annual Information Returns Reviewed	496	490	477
Plan Amendments Registered	122	135	160
On-site Pension Examinations	5	3	2

2012-13 Plans

- Provide effective supervision of registered pension plans.
- Amend regulations with respect to the funding rules for public sector defined benefit pension plans.
- Amend regulations with respect to the fee structure for registration of new plans and annual fees.
- Introduce legislation to regulate PRPPs.
- Introduce legislation to require defined benefit pension plan sponsors to fully fund accrued benefits on plan termination.
- Introduce legislation to require immediate vesting of pension benefits.
- Enter into the new multi-lateral agreement for multi-jurisdictional pension plans.
- Issue guidance on the administration of defined contribution pension plans together with other pension regulators.
- Begin work with the Securities Division to examine the effectiveness of the current regulation of defined contribution pension plans.

Securities Division

2011-12 Key Commitments

- Carry out core functions in registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Consider proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (NI 51-103).
- Update and harmonize regulation of over-the-counter derivatives including identifying required amendments to Saskatchewan securities legislation.
- Examine proposed changes to minimum amount investment prospectus exemption and the accredited investor prospectus exemption in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106), including focused consultation with Saskatchewan entities.
- Develop a system to monitor the use of the Northwest Exempt Market Dealer Registration Exemption.
- Review and recommend revisions to system for monitoring use of exemptions in NI 45-106.
- Research and provide advice on the application of Saskatchewan securities law to the Saskatchewan Pension Plan.
- Update the risk assessment for the Enforcement Branch.
- Make recommendations to SFSC on the key outcomes it expects from the Securities Division's enforcement work and the performance measures for these outcomes.

2011-12 Results

- Carried out core functions in registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Reviewed comments on proposed NI 51-103 and developed amendments in response.
- Identified amendments to Saskatchewan securities legislation to implement more comprehensive regulation of over-the-counter derivatives in Canada.
- Completed consultation on proposed changes to the minimum amount investment prospectus exemption and the accredited investor prospectus exemption in NI 45-106.
- Deferred work on development of a system to monitor the use of exemptions.
- Updated the approach to risk assessment on case files in the Enforcement Branch.
- Conducted research on the application of securities laws to defined contribution pension plans that offer plan members a choice of investment options.
- Identified key outcomes expected from the enforcement function and developed performance measures in respect of the outcomes.

Securities Division Statistics to March 31, 2012

	2011-12	2010-11	2009-10	2008-09	2007-08
Companies registered to sell securities at year end	488	449	392	345	348
Individuals registered to sell securities at year end	12,177	11,592	10,181	10,112	9,668
Review and issue receipts for selling documents of Saskatchewan issuers	9	8	6	6	15
Received selling documents of non-Saskatchewan issuers reviewed in other jurisdictions[1]	918	910	866	748	911
Receive continuous disclosure documents for issuers:					
Annual financial statements	4822	4538	4348	4320	4276
Interim financial statements	7582	7181	7018	7124	7080
Proxy/information circulars	3794	3626	4382	3610	4127
Material change reports	3563	4037	4103	3725	4156
Annual information forms	1357	1342	1268	1357	1165
Management Discussion and Analysis:					
Annual	1460	1450	1388	1371	1412
Interim	4301	4139	3989	4065	4123
Number of filed Annual Management Reports of Fund Performance	3286	3060	2962	3013	2822
Certification of annual filings	1544	1558	1471	1446	1494
Certification of interim filings	4284	4124	4001	4092	4127
Deal with applications for exemption:[2]					
Applications granted	107	110	205	202	535
Applications withdrawn	14	13	31	129	133
Applications denied	0	0	0	1	1
Investigate complaints and take enforcement action:					
Files opened	101	100	146	148	158
Files closed	94	92	155	173	139
Obtained agreements and undertaking	5	4	12	1	2
Conducted examinations under oath	3	9	37	9	1
Held hearings	1	3	1	0	0
Issued investigation orders	7	14	19	2	6
Issued temporary cease trade orders	1	4	8	5	11
Issued extending/permanent cease trade orders	4	3	9	5	11
Issued orders removing exemptions	0	0	1	0	0

[1] Under Multilateral Instrument 11-102 *Passport System* (MI 11-102) the principal regulator issues the prospectus receipt on behalf of the reliant non-principal regulators.
[2] Shows effect of MI 11-102 for exemptions where the principal regulator issues a decision document on behalf of the reliant non-principal regulators.

2012-13 Plans

- Carry out core functions in registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Provide advice to SFSC on recognizing or exempting from recognition Canadian exchanges.
- Develop a system to monitor use of the Northwest Exempt Market Dealer Registration Exemption.
- Develop communications strategies to increase public awareness about possible contraventions of Saskatchewan securities laws, securities fraud and SFSC's enforcement function.
- Implement legislative provisions permitting incorporation of the individual representatives of dealers and advisors.
- Seek amendments to legislation and development of rules for the regulation of over-the-counter derivatives.
- Develop a recognition order for the Canadian Public Accountability Board.
- Begin work with the Pensions Division to examine the effectiveness of the current regulation of defined contribution pension plans.
- Update the regulatory approach to shareholders rights plans.
- Participate in a review of the Mutual Fund Dealers Association of Canada.

Consumer Protection Division

2011-12 Key Commitments

- Maintain core functions in market regulation, sector-specific business and salesperson licensing, complaint investigation, education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement action, and research.
- Implement *The Ticket Sales Act*.
- Seek partnership agreement with cross border agencies to facilitate the investigation of deceptive marketing practices.
- Participate in interprovincial discussions regarding the implementation of the New West Partnership Trade Agreement and the application of the Agreement on Internal Trade to licensed consumer sector businesses and suppliers.

2011-12 Results

- Continued to inform consumers and suppliers of their regulated marketplace rights and responsibilities, investigate complaints, enforce licensing requirements and support consumer and supplier information on SFSC's website.
- Used a hosted call center to enhance the consumer and supplier inquiry line experience.
- Supported the cross-Canada research undertaken by the Consumer Measures Committee (CMC) created under Chapter Eight of the Agreement on Internal Trade. The CMC provides a federal/provincial/territorial forum for cooperation to improve the Canadian marketplace through harmonization of laws, regulations, and practices and through actions to raise public awareness.
- Implemented *The Ticket Sales Act*. Its primary objective is to prevent ticket resellers from acquiring tickets to major sporting and entertainment events before the tickets go on sale to the general public and to permit local residents to have the first opportunity to purchase event tickets.
- Entered into a Memorandum of Understanding on enforcement of deceptive marketing practices laws with the RCMP, the Regina Police Service, the Saskatoon Police Service, the United States Federal Trade Commission, Canada Post Security and Investigative Services and the United States Postal Inspection Service.
- Participated in interprovincial discussion regarding the implementation of the New West Partnership Trade Agreement and the application of the Agreement on Internal Trade. The consumer protection licensing acts were found to be, for the most part, in compliance. The one exception will be reviewed in the context of the proposed consolidation of consumer legislation.

Consumer Protection Division Statistics to March 31, 2012

Item	2011-12	2010-11	2009-10	2008-09	2007-08
Licenses/Registrations in Force					
• Vendors/registrants	2022	2052	2051	2042	2005
• Salespersons	3804	4188	4007	4075	3596
Telephone inquiries	7613	7388	6880	7080	6690
Website hits	13,440	11,283	8163	3523	N/A
Complaints, investigations & inspections	343	378	510	604	656
Bond pay-outs to consumers	—	$40K	$25K	$25K	$28K
Amount paid to Saskatchewan consumers as a result of Consumer Protection Division intervention	$100K	$115K	$117K	$183K	$148K

2012-13 Plans

- Maintain core functions in market regulation, sector-specific business and salesperson licensing, complaint investigation, education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement action, and research.
- Develop an approach to identifying unlicensed motor vehicle dealers or "curbers."
- Implement a database to give movie distributors, movie exhibitors and the viewing public access to film classifications in a timely and easily accessible fashion.
- Identify potential changes, consult with stakeholders, and recommend consolidated consumer protection legislation (while repealing several existing statutes) to reduce marketplace confusion and to facilitate regulatory consistency.
- Work with community partners to support the enhancement of a publicly accessible database of Saskatchewan's cemeteries.

Performance Measures

In addition to tracking our core activities and progress toward achieving strategic action items, the SFSC uses performance measures developed within a balanced scorecard framework to assess our success. These measures are for the organization as a whole. In addition to these measures, each division has efficiency and effectiveness measures.

Balanced Scorecard Framework

Stakeholder	People
1. Regulated entities have confidence in the Saskatchewan marketplace and SFSC 2. Consumer use of SFSC Information	5. Human resource management effectiveness 6. Employee participation in learning and development
Operational/Internal	**Financial**
3. Number of regulated entities reviewed each year 4. Client service standards	7. Variance from budget

Client Service Standards

Consumer Credit Division:

- Review an application for licensing and issue a license or an initial comment letter within 30 business days, where the SFSC is the primary regulator, or 15 business days, where the SFSC is not the primary regulator.

Insurance and Real Estate Division:

- Review an application for licensing and issue a license or an initial comment letter within 30 business days, where the SFSC is the primary regulator, or 15 business days, where the SFSC is not the primary regulator.

Pensions Division:

- Review actuarial valuations of non-designated pension plans within 45 business days.
- Review annual information returns within 25 business days.

Securities Division:

- Approve or respond to applications for registration where SFSC is the principal regulator within 10 business days on average.
- Provide initial comments within 10 business days of the date of the preliminary receipt issued for a long form prospectus and within three business days of the date of the preliminary receipt issued for a short form prospectus, where SFSC is the principal regulator.

Consumer Protection Division:

- Respond to telephone inquiries immediately or return messages within three business days.
- Review an application for licensing and issue a license or provide an initial comment letter within 15 business days.

Performance in 2011-12

Measure	How	Why it's Important	Target	Performance
1. Client confidence in SFSC and the financial marketplace	Client Survey	Clients are stakeholders whose views regarding the effectiveness of regulation are important	> 3.0 on a five point scale, indicating a rating of "Somewhat Confident to Very Confident"	Average response of 3.1 in 2009 survey
2. Consumer use of SFSC information	Website usage	We want consumers to see the SFSC as a reliable source of valuable information	5% increase in number of hits on consumer pages	New measure
3. Number of regulated entities reviewed (field and desk review) each year	Number of entities directly regulated by SFSC Target number of entities that will be reviewed (based on risk and other criteria)	If a reasonable number of entities are reviewed, it serves as both an education and a deterrance to all regulated	100% of target	Pensions 100% Financial Institutions 88% Securities 100%
4. Client service standards	See following section, **Client Service Standards**	Timely response is an indicator that SFSC is providing quality service to those regulated	See following section, **Client Service Standards.** Target was 100% for measures located in that section.	Pensions 100% Financial Institutions 98% Securities 100%
5. Human resource management effectiveness	Employee survey	SFSC's most valuable resource is its people	90 % or more of staff believe the SFSC is an average or above average place to work	2005 survey 89%
6. Participation in one more more learning and development events	HR database	SFSC is committed to creating a learning environment for its employees	80 % of employees	72 % of employees
7. Variance from budget	MIDAS	Managing within authorized amounts is an indicator of efficiency	Be within 10% of expenditure budget	3% under budget in 2011 12

Governing Legislation

- *The Auctioneers Act*
- *The Cemeteries Act*
- *The Charitable Fund-raising Businesses Act*
- *The Collection Agents Act*
- *The Consumer and Commercial Affairs Act*
- *The Consumer Protection Act*
- *The Cost of Credit Disclosure Act, 2002*
- *The Credit Reporting Act*
- *The Credit Union Act, 1998*
- *The Credit Union Act, 1985*
- *The Direct Sellers Act*
- *The Film and Video Classification Act*
- *The Funeral and Cremation Services Act*
- *The Motor Dealers Act*
- *The Mortgage Brokerages and Mortgage Administrators Act*
- *The Real Estate Act*
- *The Sale of Goods Act*
- *The Saskatchewan Insurance Act*
- *The Trust and Loan Corporations Act, 1997*
- *The Payday Loans Act*
- *The Pensions Benefits Act, 1992*
- *The Saskatchewan Financial Services Commission Act*
- *The Securities Act, 1988*
- *The Ticket Sales Act*

For More Information

This report provides information about both our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the report, we invite you to call (306) 787-5645.

Or contact:

Saskatchewan Financial Services Commission
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2

Or visit our web site: **www.sfsc.gov.sk.ca**

Management's Responsibility for the Financial Statements

Saskatchewan Financial Services Commission Fund
Report of Management
for the Year Ended March 31, 2012

The accompanying financial statements are the responsibility of the management of the Saskatchewan Financial Services Commission. They have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The members of the Commission are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements and annual report have been reviewed and approved by the Commission.

The Office of the Provincial Auditor has audited the Saskatchewan Financial Services Commission's financial statements in accordance with Canadian generally accepted auditing standards and their report follows.

David Wild
Chair and Executive Director
July 12, 2012

Ian McIntosh CA
Director – Insurance & Real Estate
July 12, 2012

Ministry of Justice

Saskatchewan Financial Services Commission Fund

Financial Statements

for the Year Ended March 31, 2012

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Financial Services Commission Fund which comprise the statement of financial position as March 31, 2012, and the statement of operations and fund balance, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Financial Services Commission Fund as at March 31, 2012, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 12, 2012

Bonnie Lysyk, MBA, CA
Provincial Auditor

[illegible]
www.auditor.sk.ca

Statement 1

Ministry of Justice
Saskatchewan Financial Services Commission Fund
Statement of Financial Position
As at March 31

	2012	2011
Financial Assets		
Cash	$ 1,150	$ 1,150
Due from General Revenue Fund (Note 4)	14,338,351	12,921,902
Accounts receivable	31,880	32,470
Total financial assets	14,371,381	12,955,522
Liabilities		
Accounts payable and accrued liabilities	376,012	325,213
Dividend payable to General Revenue Fund (Note 5)	10,687,208	10,437,415
Unearned revenue (Notes 2 and 10)	2,308,161	1,206,471
Total liabilities	13,371,381	11,969,099
Net financial assets	1,000,000	986,423
Non-financial assets	-	-
Saskatchewan Financial Services Commission Fund (Statement 2)	$1,000,000	$ 986,423

(See accompanying notes to the financial statements)

Statement 2

Ministry of Justice
Saskatchewan Financial Services Commission Fund
Statement of Operations and Fund Balance for the Year Ended March 31

	Annual Budget 2012	Actual 2012	Actual 2011
Revenue			
Revenue (Notes 2, 8 and 9)	$ 13,786,000	$15,789,142	$14,601,145
Expenses			
Salaries	3,891,500	3,493,747	2,939,727
Travel	81,300	64,904	50,506
Contract services	460,390	527,417	463,176
Communications	12,100	13,277	5,548
Rent, supplies and services	737,810	812,364	667,122
Minor asset purchases	10,400	3,148	47,771
Transfers - Operating (Note 14)	36,000	173,500	-
Total expenses	5,229,500	5,088,357	4,173,850
Annual Surplus	$ 8,556,500	10,700,785	10,427,295
Dividend to General Revenue Fund (Note 5)		(10,687,208)	(10,437,415)
Saskatchewan Financial Services Commission Fund, beginning of period		986,423	996,543
Saskatchewan Financial Services Commission Fund, end of period (Statement 1)		$ 1,000,000	$ 986,423

(See accompanying notes to the financial statements)

Statement 3

Ministry of Justice
Saskatchewan Financial Services Commission Fund
Statement of Changes in Net Financial Assets
for the Year Ended March 31

	2012	2011
Annual Surplus	$10,700,785	$10,427,295
Dividend to General Revenue Fund (Note 5)	(10,687,208)	(10,437,415)
Increase (Decrease) in net financial assets	13,577	(10,120)
Net financial assets, beginning of period	986,423	996,543
Net financial assets, end of period	$ 1,000,000	$ 986,423

(See accompanying notes to the financial statements)

Statement 4

Ministry of Justice
Saskatchewan Financial Services Commission Fund
Statement of Cash Flows
for the Year Ended March 31

	2012	2011
Cash Flows From Operating Activities		
Annual Surplus	$10,700,785	$10,427,295
Changes in non-cash working capital:		
Accounts receivable	590	(23,324)
Accounts payable and accrued liabilities	50,799	18,165
Unearned revenue	1,101,690	629,576
Cash provided by operating activities	11,853,864	11,051,712
Cash Flows From Financing Activities		
Dividend to the General Revenue Fund (Note 5)	(10,437,415)	(6,859,153)
Net Increase in Cash	1,416,449	4,192,559
Cash and cash equivalents, beginning of period	12,923,052	8,730,493
Cash and cash equivalents, end of period	$14,339,501	$12,923,052
Cash and cash equivalents consists of:		
Cash	$ 1,150	$ 1,150
Due from General Revenue Fund	14,338,351	12,921,902
	$14,339,501	$12,923,052

(See accompanying notes to the financial statements)

Ministry of Justice
Saskatchewan Financial Services Commission Fund
Notes to the Financial Statements
for the Year Ended March 31, 2012

1. Authority and Purpose

The Saskatchewan Financial Services Commission (the SFSC) was established under the provisions of *The Saskatchewan Financial Services Commission Act* (the SFSC Act), proclaimed in force on February 1, 2003 and as amended by the Statutes of Saskatchewan, 2007, c.M-20.1; 2009, c.27; 2010, c.21; and 2011, c.15.

The SFSC protects consumer and public interests and supports economic well-being through responsive financial marketplace regulation. The SFSC enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

The SFSC became a self operating agency effective July 1, 2009, and as a result, became directly responsible to account for its operations. To make this change, the SFSC Fund (the Fund) was established under Subsection 23.1 of the SFSC Act. The SFSC's operations are accounted for through the Fund. All taxes, fees, moneys, fines, costs, penalties, assessments, and other charges payable pursuant to the administration of financial services legislation are deposited to the Fund. Under Subsection 23.5 of the SFSC Act, moneys in the Fund are used to pay salaries and administrative costs relating to the exercise of any powers of a financial regulator pursuant to any financial services legislation for which it is responsible.

Effective October 1, 2011, the Consumer Protection Branch of the Ministry of Justice and Attorney General became a division of the SFSC.

The SFSC has five divisions to carry out its mandate.

- Securities Division – protects investors by regulating the sale of securities, without undue restrictions, to ensure that those who sell securities to investors are honest and competent, investors are provided with selling documents that contain truthful, complete, and understandable information on which to base their investment decisions, buyers and sellers have equal access to information about companies trading in the secondary markets, and those who take undue advantage of investors are held to account.

- Financial Institutions Division – regulates and supervises Saskatchewan trust, loan and finance companies, insurance companies, loan and mortgage brokers and the credit union system. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices for insurers and financial institutions duly authorized to operate in Saskatchewan.

- Pensions Division – protects Saskatchewan employees' pensions. Standards are established with respect to the structure and administration of pension plans, as well as to the investment and ongoing funding of plans. The division identifies and manages risks and problems to bolster public confidence in the pension system, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

- Payday Loans Division – regulates payday lenders to protect payday loan borrowers while allowing for a viable payday loan industry in Saskatchewan. The division protects payday loan borrowers by ensuring borrowers receive full, true and understandable disclosure on which to base their loan decisions, by ensuring payday lenders comply with prescribed limits with respect to loan amounts and loan fees and charges, and by ensuring payday lenders deal fairly with borrowers during the administration and collection of payday loans.

- Consumer Protection Division – supports and promotes fair trading in goods or services purchased or acquired by a consumer from a business for personal, household and family purposes. Strives to protect consumers and maintain a fair trading business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research, and by taking action on behalf of vulnerable consumers who have been deceived or mislead. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants and reflect the following significant accounting principles:

(a) Revenue Recognition

(i) Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized when received or receivable if the amount can be estimated and collection is reasonably assured, except as noted in (ii) below.

(ii) Unearned Revenue

The Saskatchewan Insurance Act license fees collected by the Financial Institutions Division are for five year licenses. The license fees collected by the Consumer Protection Division are also for a five year period. The revenue from license fees that relate to future periods are recorded as unearned revenue, and recognized as revenue over the term of the license.

Fees received for Trust and Loan licenses, Mortgage Broker licenses, and Payday Lender licenses are reported as revenue in the fiscal year in which the license is issued. Fees received in one fiscal period for licenses issued in the following fiscal period are treated as unearned revenue.

(b) Expenses

Expenses represent the cost of resources consumed during the period for operations.

(c) Use of Estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles appropriate for the public sector. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the period when they are identified.

3. Financial Instruments

The SFSC's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, and accounts payable and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

4. Due from General Revenue Fund

The SFSC bank account totalling $14,338,351 is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to the Fund is calculated and paid into the account using the Government of Saskatchewan's (the Government) 30 day borrowing rate and the Fund's average daily bank account balance. For the year ended March 31, 2012, interest earned totalled $147,548 (2011 $91,433). The Government's average 30 day borrowing rate in 2011-12 was 1.05%.

5. Dividend to General Revenue Fund

The Government directed the SFSC to maintain the balance of the Fund at approximately $1,000,000, to be used for exercise of any powers given to the SFSC by the SFSC Act or any other thing that the SFSC considers necessary and in the public interest to fulfill its responsibilities.

The Government also directed that the Fund's surplus in excess of $1,000,000 be paid to the GRF as a dividend.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards, and commissions related to the Fund by virtue of common control by the Government, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government (collectively referred to as "related parties").

The primary substantive related party transactions incurred by the SFSC and reflected in these financial statements relate to rent expense and other services of $672,020 (2011 $587,680) paid to the Ministry of Government Services and contracted services expense for information technology equipment and support of $244,781 (2011 $181,958) paid to the Ministry of Information Technology Office.

These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements do not reflect the costs incurred by a number of related parties on behalf of the SFSC. During the year ended March 31, 2012, the SFSC received substantial administrative services from the Ministry of Justice and Attorney General and the Ministry of Finance without charge. In addition, the SFSC received substantial administrative services from the Public Service Commission relating to human resource matters and payroll processing, also without charge.

These financial statements reflect the salary costs of the SFSC's employees, but do not reflect the costs of employee benefits incurred by the Province of Saskatchewan relating to those employees. These costs are paid by the Ministry of Finance.

7. Contractual Obligations

The SFSC has a contractual obligation for premises. The current lease expires December 31, 2012. The future minimum lease payments are as follows:

9 months 2012/13	$ 578,547

8. Segmented Disclosure

The following schedule provides the relevant segmented disclosure by division within the SFSC with prior period comparatives:

	Year ended March 31, 2012		
Division	**Revenues**	**Expenses**	**Income/ (Loss)**
Securities Division	$12,107,337	$1,940,503	$ 10,166,834
Financial Institutions Division	2,704,613	1,275,508	1,429,105
Pensions Division	269,260	362,482	(93,222)
Payday Loans Division	122,018	305,072	(183,054)
Consumer Protection Division	424,788	692,042	(267,254)
Chair's Office	161,126	512,750	(351,624)
Totals	**$15,789,142**	**$5,088,357**	**$ 10,700,785**

	Year ended March 31, 2011		
Division	**Revenues**	**Expenses**	**Income/ (Loss)**
Securities Division	$11,433,724	$1,776,307	$ 9,657,417
Financial Institutions Division	2,808,852	1,291,534	1,517,318
Pensions Division	267,136	405,396	(138,260)
Payday Loans Division	-	226,693	(226,693)
Chair's Office	91,433	473,920	(382,487)
Totals	**$14,601,145**	**$4,173,850**	**$ 10,427,295**

Expenses relating to the operations of the SFSC incurred by certain related parties are not reflected in these financial statements. Refer to Note 6 for additional details.

9. Revenue by category within each division

Primary sources of revenue by division for the year ended March 31 are as follows:

Securities Division	**2012**	**2011**
• Prospectus Fees	$ 6,505,300	$ 5,943,600
• Registration Fees	4,174,843	4,058,498
• Exemption Fees	254,918	262,212
• Continuous Disclosure Filing Fees	1,134,200	1,099,100
• Administrative Penalties/Costs of Investigations	14,500	61,000
• Other	23,576	9,314
Total	12,107,337	11,433,724
Financial Institutions Division		
• Unlicensed Insurance Fees	1,108,653	1,253,521
• Insurance Company Licenses	346,128	351,699
• Trust and Loan Licenses	1,071,783	981,475
• Mortgage Broker Licenses	167,761	207,410
• Other	10,288	14,747
Total	2,704,613	2,808,852
Pensions Division		
• Pension Plan Registration and Annual Fees	269,260	267,136
Payday Loans Division		
• Payday Loan License Fees	122,018	-
Consumer Protection Division		
• Collection Agents Fees	296,772	-
• Motor Dealer Fees	54,744	-
• Direct Seller Fees	54,670	-
• Other	18,602	-
Total	424,788	-
Chair's Office		
• Interest from GRF and other	161,126	91,433
Total revenue	**$15,789,142**	**$ 14,601,145**

10. Unearned Revenue

Unearned revenue at March 31, by revenue category is as follows:

	2012	2011
Saskatchewan Insurance License Fees	$982,492	$1,160,071
Trust and Loan License Fees	16,292	32,000
Mortgage Broker License Fees	4,125	14,400
Payday Loans License Fees	6,000	0
Consumer Protection Division License Fees	$1,299,252	0
Total	$2,308,161	$1,206,471

11. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

12. Contingencies

The SFSC, along with others, is a defendant to two separate claims brought against it as a result of its operations. The SFSC believes that these claims are without merit. If the court finds that the SFSC is liable on the claims, any settlement to the plaintiff would be accounted for as a charge against operations in the period in which settlement is made.

13. Comparative Information

The financial statements of the SFSC for the year ended March 31, 2012 only include the results of operations of the Consumer Protection Division for the six months ended March 31, 2012. Comparative figures for the year ended March 31, 2011 do not include any results of operations of the Consumer Protection Branch for this period.

14. Administration of Cemeteries

By appointment under Section 74 of The Cemeteries Act, 1999, the Deputy Director of the Consumer Protection Division administers three cemeteries, located in Estevan, Weyburn, and Moosomin. Being under administration, the operation of these cemeteries is independent of the operations of the SFSC. As such, the operating results of the cemeteries are not included in the operating results of the SFSC. The Consumer Protection Division does provide ongoing operational funding transfers to permit the cemeteries to meet their financial obligations.

15. Subsequent Events

Internal Reorganization

Effective April 1, 2012, several divisions of the SFSC were reorganized. The Financial Institutions Division was reorganized into two divisions, the Consumer Credit Division and the Insurance and Real Estate Division. The Payday Loans Division became a part of the Consumer Credit Division. In addition, a Legal Branch was created. Lawyers, previously staff of the Financial Institutions Division and Payday Loans Division, became staff of the Legal Branch.

The Consumer Credit Division regulates and supervises Saskatchewan credit unions; trust, loan, and finance companies; loan and mortgage brokers; and payday lenders. The Division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

The Insurance and Real Estate Division licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of provincial insurance companies; market conduct regulation of federal and provincial companies; and, oversight of the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission with respect to the real estate brokers and salespersons and the rules it applies to those intermediaries.

The Legal Branch provides legal and policy support to the SFSC's programs, other than the Securities Division.

Treasury Board Crown Corporation

Subsequent to March 31, 2012, it was announced as part of the 2012/13 Provincial Budget, that effective October 1, 2012, the responsibility for the activities of the SFSC would be transferred to a Treasury Board Crown Corporation, to improve its flexibility to respond to emerging business and consumer issuers.